

# ASX RELEASE



100 Skyring Terrace  
NEWSTEAD QLD 4006

## BOQ 1H20 LETTER TO SHAREHOLDERS

**Tuesday, 14 April 2020, Brisbane:** Today Bank of Queensland Limited (**BOQ**) released a letter to shareholders providing further information on the deferral of the dividend. A copy of this letter is attached to the release.

**ENDS**

**Authorised for release by:** The Board of Directors of Bank of Queensland Limited

For further information please call:

**Media**

Tracy Hicks, Head of Corporate Affairs  
0439 540 960 [tracy.hicks@boq.com.au](mailto:tracy.hicks@boq.com.au)

**Analysts**

Cherie Bell, General Manager, Investor Relations  
07 3212 3844 [cherie.bell@boq.com.au](mailto:cherie.bell@boq.com.au)



14 April 2020

## Chairman's letter to shareholders regarding BOQ's announcement on 8 April 2020 to defer its decision on the FY20 interim dividend

Dear Shareholder

I am writing to you regarding our recent announcement to follow the guidance issued on the 7th April by the Australian Prudential Regulation Authority (**APRA**) and defer our decision on the payment of an interim dividend until the economic outlook is clearer and required stress testing results have been considered with APRA.

We recognise how important BOQ dividends are to you, especially during this time when many of you rely on these payments to support your income. However, with the rapid COVID-19 escalation in March and measures to contain the spread of the pandemic resulting in an uncertain outlook for the Australian economy and credit cycle, the BOQ Board considered it prudent to follow the APRA guidance and defer our interim dividend decision at this time.

BOQ has entered this uncertain period well capitalised with a good liquidity position and sound asset quality. Through our risk management framework we have conducted early stress testing of our business against a range of potential future economic scenarios. In scenarios tested to date our capital remained above APRA's mandated levels. We note that we are at a very early stage of scenario testing, with insufficient clarity on the severity or length of the credit cycle at this time to determine whether the range of scenarios we have tested are either appropriate or adequate. We will be sharing these stress testing scenarios and outcomes with APRA and hope to gain further clarity over this period on the future outlook for the economy.

Our intent to pay dividends remains unchanged, subject to completing our stress testing review with APRA, regulatory constraints, and comfort that our strong capital buffer is sufficient to withstand an extreme downside scenario. We will provide all shareholders with an update on the interim dividend following completion of our stress test considerations with APRA. If we resolve to pay an interim dividend we anticipate a lower payout ratio than the target 70-80% range previously disclosed. We consider this a sensible approach along with other capital management initiatives at this time to maintain our strong capital position.

I would like to assure you that we will continue to pursue all actions to balance the following priorities in our capital management decisions:

- the importance of distributions to you, our shareholders
- the resilience of the bank to absorb credit losses and lower earnings
- the protection of deposit holders, debt investors and security holders

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### Analysts

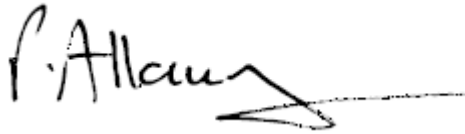
Cherie Bell, General Manager Investor Relations  
0488 756 126 [cherie.bell@boq.com.au](mailto:cherie.bell@boq.com.au)

- supporting customers through enabling the continued extension of credit
- investment in our transformation to grow long term shareholder value.

Above all, we remain focussed on protecting our strong foundations and positioning BOQ for a return to growth when the economy recovers.

I wish you and your families' good health and well-being during this difficult time and, as always, thank you for your ongoing support as a BOQ shareholder.

Yours sincerely



Patrick Allaway  
Chairman

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